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January 22, 2018

Honorable Shannon Valentine
Secretary of Transportation
Commonwealth of Virginia
1111 East Broad Street
Richmond, VA 23219

RE: Request for State to Study Developing a New State Transportation Revenue System Not Based on Gas Taxes

Dear Secretary Valentine:

We are writing because we are concerned with the future sustainability of our existing state transportation revenue system because of its reliance on gas taxes. We feel that the existing level of transportation funding is inadequate to meet statewide needs. The last round of Smart Scale had over \$9 Billion in project requests competing for only about \$1 Billion in available funding.

As the existing vehicle fleet continues to transition to more fuel efficient, hybrid, electric, and other vehicle types which do not use gas, our gas tax revenues are expected to decrease significantly relative to usage of our transportation system as measured by metrics such as Vehicle Miles Traveled (VMT), transit ridership, etc. According to a study by Forbes, at the end of 2016, electric vehicles accounted for less than 1% of the U.S. Market share, but this is projected to grow to between 8% and 11% by 2025 and between 25% and 38% by 2030. If the current transportation funding system is left unchanged, this transition will cause the amount of transportation funding available for Smart Scale and other State funding programs to decrease significantly in the coming years. We appreciate the work the Commonwealth has done to develop the Smart Scale system for prioritizing the use of scarce transportation funding, but it will be of limited use in the future if there is little to no transportation funding to prioritize.

Nationally, several states have studied this issue, e.g., California, Illinois, Oregon, Washington, etc., and are considering alternative systems for raising transportation revenues not based on gas taxes, e.g., mileage based fees. The Commonwealth has been a leader in transportation innovation nationally for many years in many areas including the Virginia Automated 20xx statewide strategic planning effort that is studying the transition to autonomous vehicles. This issue is another opportunity for the Commonwealth to be a

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leader. We request that the Commonwealth conduct a study of potential ways to shift from a transportation revenue system based on gas taxes to a new alternative transportation revenue system not based on gas taxes that can provide a sustainable way to fund transportation in the 21st century. We would appreciate your consideration of this request.

Sincerely,

Meg Bohmke

Interim Chair

**Cc: FAMPO Policy Committee
CTB Members
State Delegation**